



September 5, 2014

Dear Valued Deerpath Golfer,

Beginning in early 2010, The City hosted several community forums in an effort to inform residents about future challenges facing the golf industry and Deerpath Golf Course in particular. Discussions focused on how to increase revenues, reduce expenses and maintain a quality golfing experience for our valued golfing patrons in light of the fact that Deerpath Golf Course was projected to begin operating at a financial deficit.

As a result, in 2012, The City took a proactive approach and investigated third party management of the Golf Course by conducting an extensive Request for Qualifications and Request for Proposal process. Multiple companies were interviewed, and as you are aware, KemperSports Management was determined to be best suited for Deerpath Golf Course. A three-year contract was signed for KemperSports to provide a "hybrid management option" by providing the General Manager and assisting with marketing and revenue generation, while The City continued to retain all other staff as City employees and managed the maintenance of the Course. We are happy to report that this arrangement over the past three years resulted in helping Deerpath remain competitive in a challenging industry.

However, City expenses continue to outpace revenue under the current structure. As we approach the final months of the hybrid management agreement, KemperSports and The City identified the importance of conducting due diligence in determining the next course of action to gain better efficiencies and financial outcomes. Both groups identified that the hybrid management option, while a good fit initially, is not the optimal solution going forward.

Recently, the Golf Advisory Committee and the Parks and Recreation Board reviewed financial materials comparing a City-managed course with a KemperSports-managed course. We have attached a "Management Matrix" that lays out the two options under consideration and you will see that both options allow the City a strong voice in how the course is operated. At its next public meeting, the Parks and Recreation Board will review these options, the financial forecasts and make a recommendation for City Council consideration on the future management structure for Deerpath. The Parks and Recreation Board meeting will be held at 6:30pm, September 16th at City Hall and will be televised on Channel 17.

Deerpath Golf Course is an important community asset, both recreationally and environmentally, that has served residents for over eight decades. It has a strong history and tradition in the community and we are committed to finding a solution that is the most viable for our golfing patrons, The City and community.

Sincerely,

Steve Hill, Parks and Recreation Board Chairman
Tim Newman, Golf Advisory Committee Chairman

Management Options Matrix

	CITY OPERATION	MANAGEMENT CONTRACT
PAYMENT	City continues to operate all services.	The City pays a Management Firm, typically a fixed fee, plus incentives.
REVENUES	All revenues belong to the City.	All revenues belong to the City.
FEES & CHARGES	Controlled and established by the City annually.	Recommended by Management Firm and approved by City annually.
SERVICES & COURSE CONDITIONS	City determines services and responsible for conditions.	Expectations set by City. Management Firm responsible for executing.
STAFFING	City is responsible for all staffing and related expense.	Management Firm provides all staff and is responsible for related expense. Staff approved by City.
EQUIPMENT	City purchases, maintains, and replaces.	City retains responsibility to purchase and pay repair expense. Firm repairs with its staff.
CAPITAL & DEBT	City has total responsibility.	City has total responsibility.